



Optimizing State Government Processes to Benefit Citizens

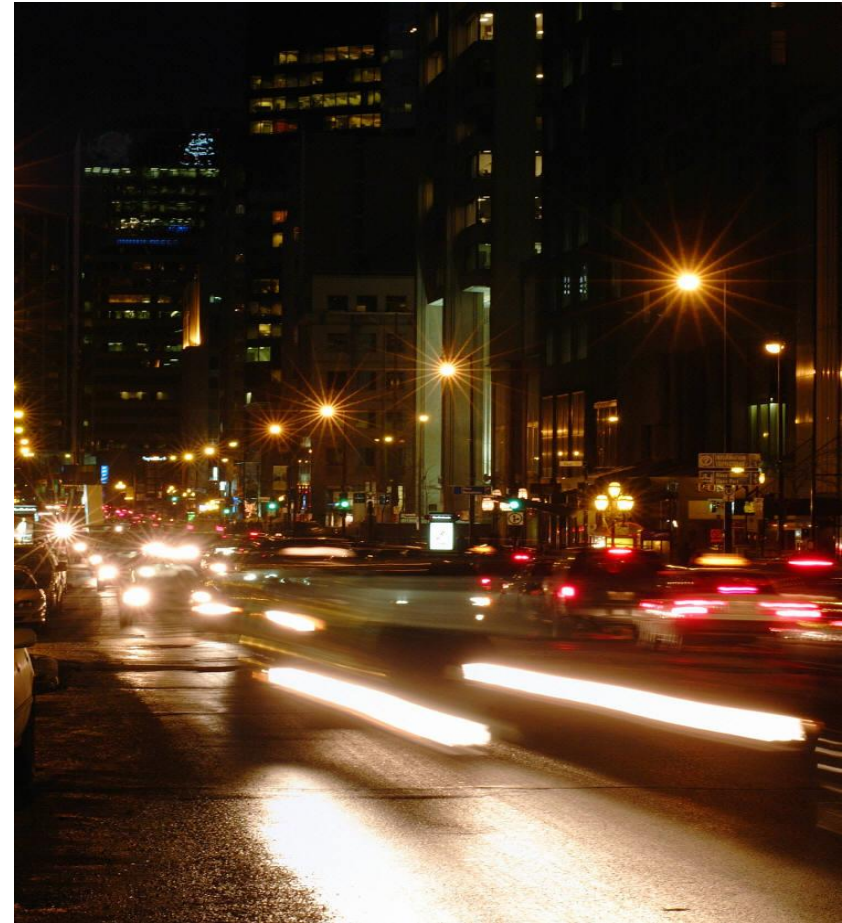
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Director, Smarter Process
IBM

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Chief Operations Officer
Medical University of SC



Nations, regions and cities ...

- Achieve citizen satisfaction
- Create conditions to ensure businesses stay, expand and grow
- Move beyond traditional, unsustainable, tax and consumption models
- All this in an environment of complexity, change, risk and rapid decision making



Populations in Transition



From 50% **to 70%**



From 7% **to 16%**



From **43%** to 22%

New forces are disrupting how governments operate



Big Data



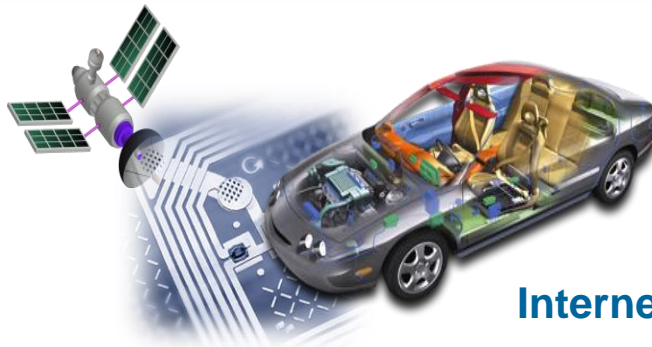
Cloud



Mobile

Processes

Citizens • Businesses • Employees • Partners



Internet of Things



Social



State and local government CxOs place much more emphasis on budgetary issues

External forces impacting the enterprise (3–5 Years)

Global	State and Local Government
Market factors 1	Technology factors 1
Technology factors 2	Budgets 2
Macro-economic factors 3	People skills 3
Regulatory concerns 4	Socio-economic factors 4
People skills 5	Regulatory concerns 5
Socio-economic factors 6	Macro-economic factors 6
Globalization 7	Geopolitical factors 7
Environmental issues 8	Environmental issues 8
Geopolitical factors 9	Market factors 9
Budgets 10	Globalization 10

Source: Question E8–What are the most important external forces that will impact the enterprise over the next 3 to 5 years?; Global n=4,009; State and Local Government n=60

The Consumerization of Change

**Enabling regular business
people to easily and safely make changes
to their business operations**



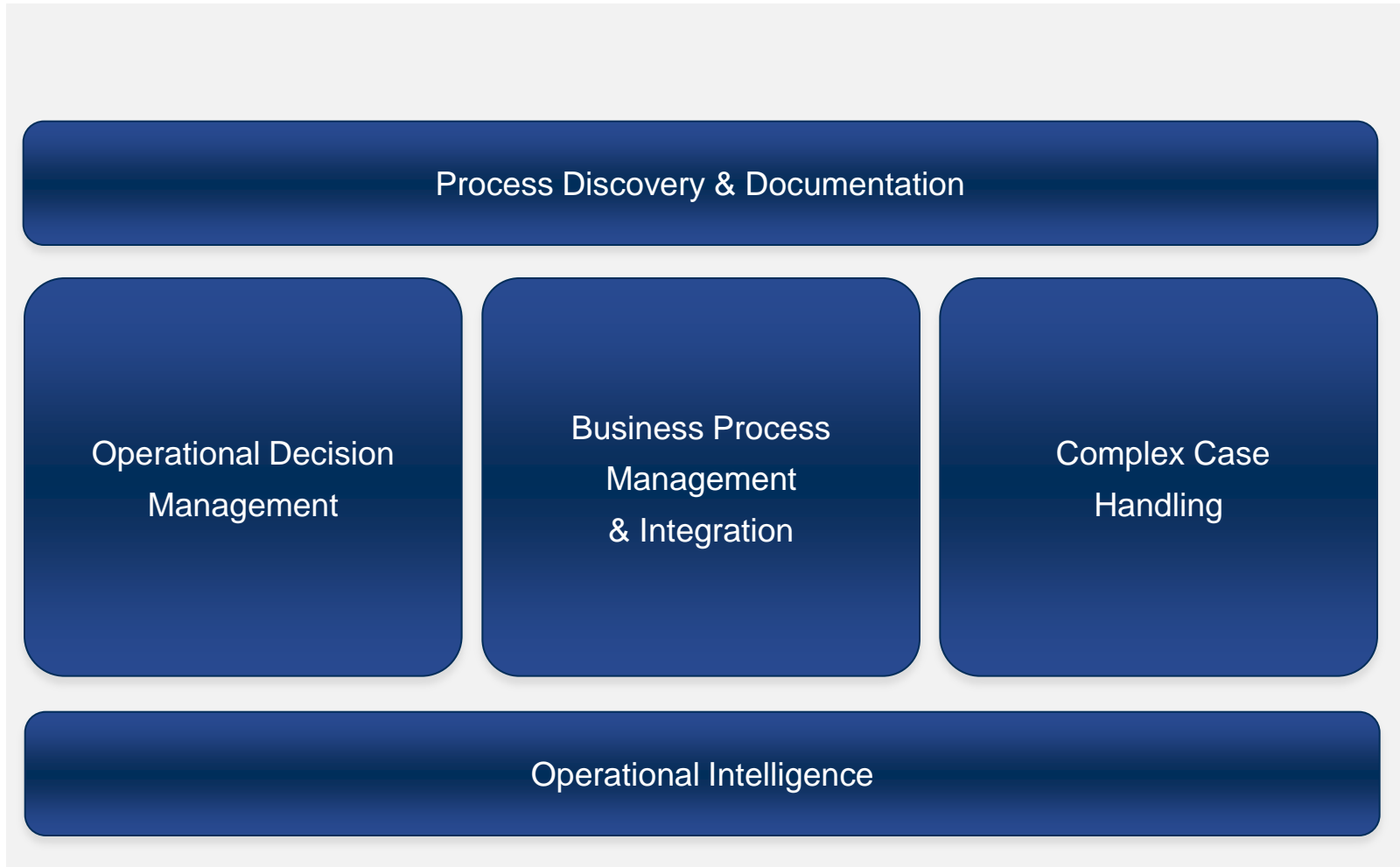


Smarter Process is...

*IBM's approach for **reinventing operations***

- in the age **of mobile, social, cloud and big data**
- while **driving effectiveness and optimization** into **end-to-end processes**

Five Capabilities that are Starting Points for Smarter Process



State of Alaska streamlines processes with an agile BPM platform

IBM helps eliminate backlog of work that plagued state for the past 20 years



Business Challenge

- State of Alaska had a backlog of citizen permit applications to use state resources. It needed a solution that would streamline its processes and eliminate the backlog.
- For the past 20 years, the largest State division (Division of mining, land and water) has had a backlog of permit authorizations, resulting in missed revenue opportunities.
 - It faced a mandate from the state legislature to fix the problem in two years.
 - The division sought to identify a solution that would streamline its processes and eliminate the backlog once and for all.

Solution

- The state engaged IBM to create an agile BPM environment using a 14-week Quick Win Pilot, IBM Blueworks Live, and IBM Business Process Mgr Advanced software.
- The IBM team delivered a successful 14-week Quick Win Pilot designed to deliver a tangible solution to the business and to help facilitate broader adoption of the solution.
- The customer has expanded their scope to now evaluate IBM Decision Management for business rules as well.

Benefits

- Provides greater visibility into processes with greater consistency, helping speed the permit application process. Managers can use dashboards to quickly determine how much work is outstanding, statuses of all work in progress, and target due dates.
- Enables the division to define and measure unique service level agreements (SLAs)
- Enables the division to establish future processes with greater consistency
- Provides capability for a critical mobile app for adjudicators working in the field.

“When IBM came in, they obviously had worked with agile, and they took us to the next level of working with agile, which was much more robust.”

Wynn Menefee, Deputy Director,
Department of Natural Resources,
State of Alaska



New York State Tax collects taxes more effectively and efficiently with IBM BPM

Challenges

- Combat sophisticated tax evasion techniques that can cost the state millions and impact processing time for the refunds of honest taxpayers.

Solution - IBM® Software for BPM combines with the IBM® Tax Collection Optimizer System (TACOS) and IBM's Tax Audit and Compliance System (TACS) to increase the state's tax revenue by identifying which tax returns should be audited and investigated, which refunds should not be paid and how best to collect unpaid back taxes.

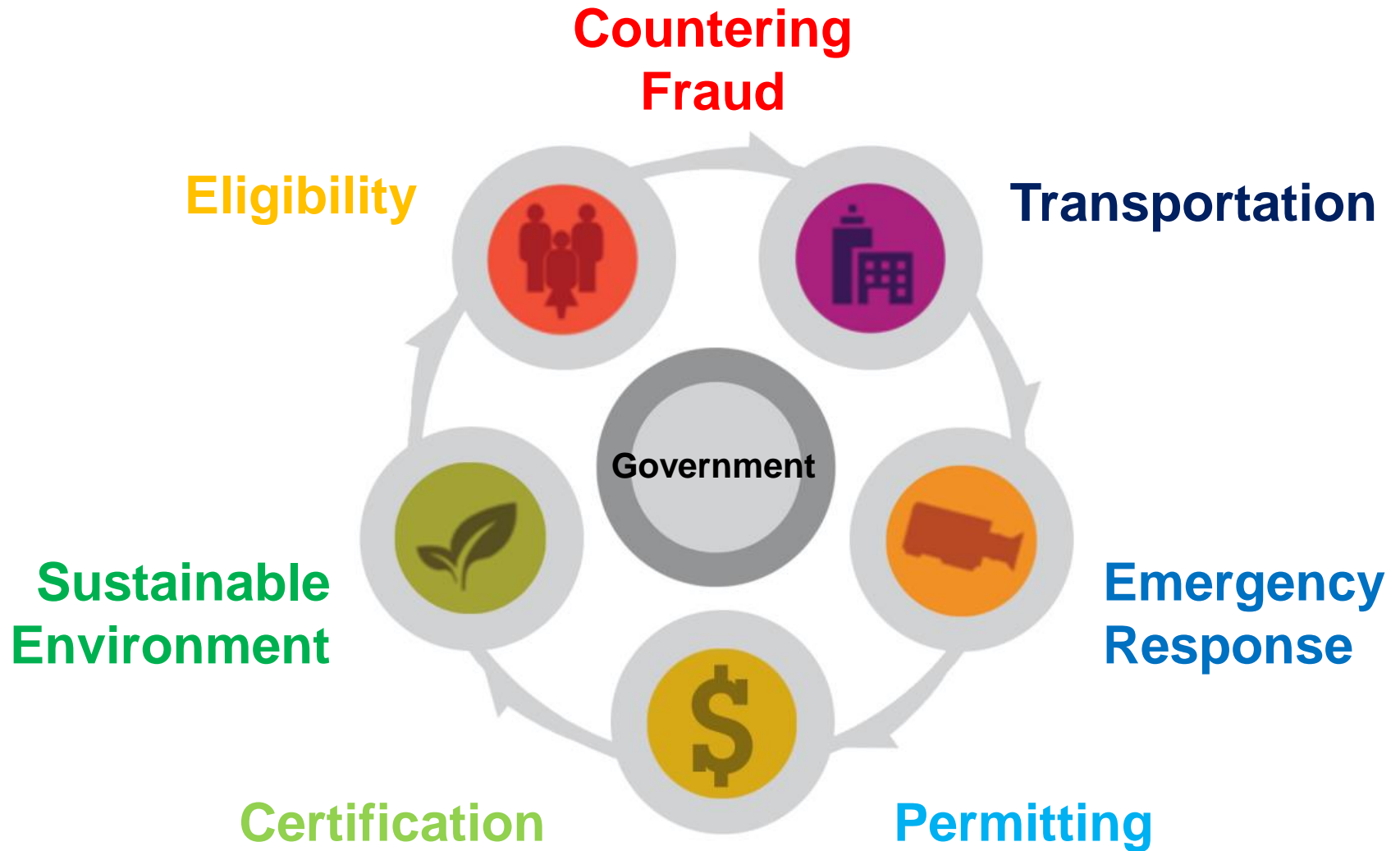
Benefits

- Saved the state more than \$889 million, while allowing it to process refunds faster
- Cumulative benefit of \$594 million for 5-year period
- Five-year ROI of 1,461%
- Payback in six months (from deployment)
- Maximize the amount of tax revenue collected
- Improve customer service
- Increase staff productivity

"The system allows us to process refunds faster, getting the money to the citizens of New York quicker."

- Tim Gardinier, Manager, Data Warehousing Unit, New York State Department of Taxation and Finance

States and their Process Focus



The MUSC Story



Stewart Mixon
Chief Operations Officer



The MUSC Environment

- State supported institution founded in 1824
- Three entities – University, Hospital, Clinics
 - One President and Board of Trustees governing all
- Six Colleges
 - Medicine ■ Dental Medicine ■ Nursing
 - Pharmacy ■ Health Professions ■ Graduate Studies
- 2,700 professional and graduate students
- 13,000 employees

The MUSC Environment

- **Shared Governance Environment**
 - Everyone has an opinion that must be heard
 - Change management a slow process
- **Exponential growth in last 30 years**
 - Over \$1.8 billion dollar operating budget
 - Growth outpaced ability to pay for infrastructure needs
 - Great demand for operational efficiencies
 - “Best-of-breed” approach = not much data sharing between systems

Best of Breed Approach...Disparate Unconnected Systems!

SuccessFactors

Retirement Manager

PeopleAdmin

Sustainable Planner

Kronos

MUSC Alert

Student Online Registration

iParkPro

ERP – HR/Payroll

Systoc

Primus

Bus System GPS

PROWL n

Student Parking System

CINC

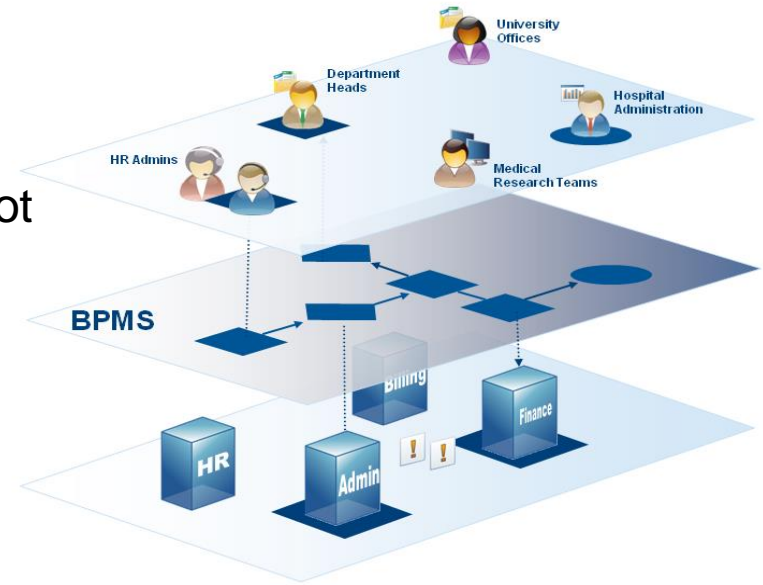
PARKIT

ID (Identify Manager) System

University Press Production Connectivity

Our Objectives

- **Office of CIO charged with finding solutions**
 - Automate and manage high activity processes
 - Provide workflow where workflow did not exist
 - Find a way to connect existing applications/systems to share data
 - Enhance current capabilities – status tracking, reporting
 - Make process change easier



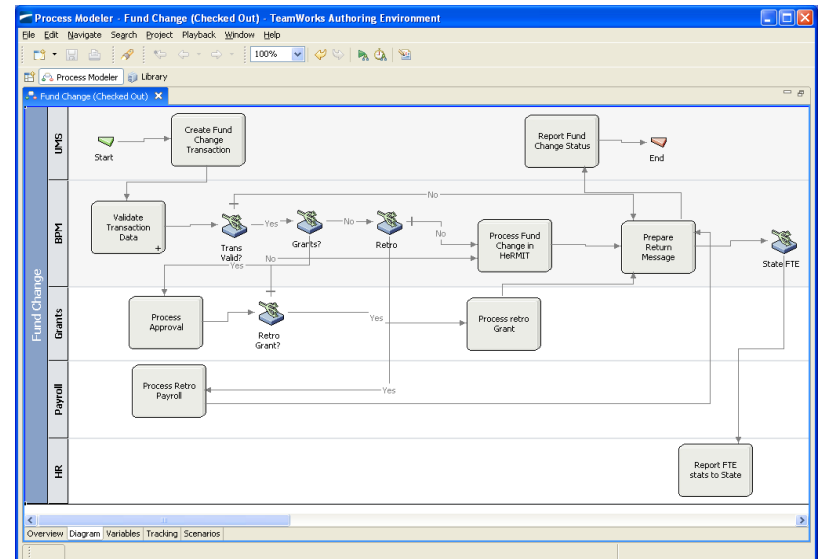
Getting Buy-In: Collaboration on a Key Process

- **Cross-functional Implementation Committee**
 - Two vendor/partner groups plus internal IT staff
 - End users
 - Central office staff
 - Very successful collaboration
- **Identified Project with Highest Volume Need**
 - Labor distributions – allocates salaries across research projects
 - 6000-8000* per month
 - Labor intensive, multiple entry process – always behind
 - Critical process – captured attention of research community

Resulting Success

- **New Labor Distribution Process**

- Reduced processing time
 - **4 days down to 40 seconds**
 - **65% now “human-less” transactions**
- Enhanced functionality of underlying systems
 - Established work flow where it didn't exist
- Produced greater accountability
 - Can track status of requests



Process Is About Behavior – Not Just Automation

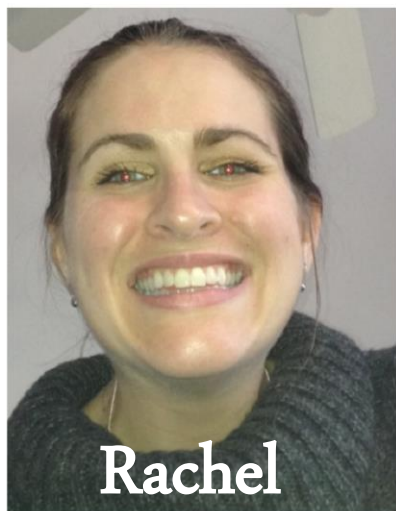
- **An unexpected “wake up call”...**
 - Before automation: 85-90% error rate
 - After automation: Errors reduced to 25%
 - Higher than expected
 - End users were relying on Central Office to catch errors!
 - Process change resulted in behavior modification
 - ✓ Now responsible for their own corrections
 - After behavior modification: Errors reduced to 2-3%

Lesson's Learned

- **BPM approach exceeded expectations**
 - Sharing data between disparate systems just the start
 - “Human-less”, 40 second transactions unexpected
- **“Smarter Process” demands growing**
 - Campus of the Future discussions driving needs
 - Customer base demanding different technology approaches
 - Developing list of processes to automate
- **Competing interests divert resources**
 - Window of opportunity short
 - BPM Champion must intentionally market successes

MUSC Connecting to Purpose

Changing What's Possible in Health Care...



Rachel



Ellie & Molly